

Message Text

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ACTION EB-03

INFO OCT-01 ARA-10 EUR-10 IO-03 ISO-00 L-02 FRB-01 OMB-01

TAR-01 SP-02 SWF-01 AGR-03 AID-05 CIAE-00 COME-00

INR-10 LAB-01 NSAE-00 OIC-01 RSC-01 SIL-01 STR-01

TRSE-00 CIEP-01 CEA-01 AF-04 EA-07 NEA-06 SS-14 NSC-07

DRC-01 /099 W

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R 092330Z OCT 74

FM USMISSION USUN NEW YORK

TO SECSTATE WASHDC 6171

INFO USMISSION GENEVA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMEMBASSY MEXICO

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E.O. 11652: N/A

TAGS: EGEN, UNCTAD, ETRD

SUBJECT: CHARTER OF ECONOMIC RIGHTS & DUTIES (CERDS)

1. BEGINNING OF SUBSTANCE OF CERDS INFORMAL CONSULTATIONS WAS FURTHER DELAYED OCT 9 BY PEREMPTORY CANCELLATION OF A.M. MEETINGS OF BOTH SUBGROUPS BY GROUP OF 77, WHICH CONTINUED TO CAUCUS. GROUP B MADE STIFF PROTESTS TO CASTANEDA (CHAIRMAN) AND TO THE SUBGROUPS WHEN THEY ULTIMATELY CONVENED P.M. GROUP OF 77 APOLOGIZED AND CASTANEDA MANIFESTED HIS EMBARRASSMENT. MULIRO (KENYA) WAS ELECTED CHAIRMAN OF SUBGROUP A ON NATIONALIZATION ISSUES; MONTGOMERY (CANADA) OF SUBGROUP B, ON TRADE ISSUES. GROUP OF 77 MAINTAINED IT WAS NOT YET READY TO NEGOTIATE ART. 2, BUT MONTGOMERY CONVENED AND ABLE CHAIRED SESSION ON TRADE.

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2. WORKING GROUP, CONSTITUTED AS SUBGROUP B ON TRADE

ISSUES, CONCENTRATED ON PARAGRAPH 21 ON INTRA-LDC TRADE. USDEL NOTED A) THAT PARAGRAPH AS PROPOSED (IN GENEVA 5655) WOULD SEEM TO MAKE EXCHANGE OF PREFERENCES A GENERAL RULE RATHER THAN AN EXCEPTION AS NOW CONTEMPLATED UNDER THE GATT, B) THAT, IN GENERAL, GATT CONTEMPLATES SUCH AN EXCHANGE OF PREFERENCES ONLY WITHIN CONTEXT OF FREE TRADE AREAS OR CUSTOM UNIONS, AND C) THAT THIS PROPOSAL WOULD SANCTION DISCRIMINATION BY SOME LDCS AGAINST OTHER LDCS. AUSTRALIAN REP (TEESE), IN ONLY OTHER OBJECTION, QUESTIONED THE PHRASE "TAKING INTO ACCOUNT THEIR FUTURE EVOLUTION". USDEL NOTED THAT, WHILE UNINSTRUCTED, IT BELIEVED PARA WOULD BE MORE PALATABLE TO USG IF PHRASE "AND WITHOUT BEING OBLIGED TO EXTEND SUCH PREFERENCES TO OTHER COUNTRIES" WERE DELETED AND EVEN MORE SO IF REPLACED BY SOMETHING ALONG LINES OF "TO THE EXTENT THAT SUCH ARRANGEMENTS CONTRIBUTE TO GENERAL TRADE LIBERALIZATION AND EXPANSION".

3. GROUP OF 77 (MEXICO AND YUGOSLAVIA) RESPONDED TO US OBJECTIONS NOTING 1971 DECISION OF GATT CPS TO GRANT WAIVER WHICH PERMITS DEVELOPING COUNTRIES TO NEGOTIATE TRADE CONCESSIONS WITHOUT EXTENDING THEM TO DEVELOPED COUNTRIES.

4. AUSTRALIA PROPOSED FOLLOWING TEXT TO RESOLVE ITS DIFFICULTY: "DEVELOPING COUNTRIES MAY GRANT TRADE PREFERENCES TO OTHER DEVELOPING COUNTRIES IN ACCORDANCE WITH EXISTING AND EVOLVING PROVISIONS OF INTERNATIONAL AGREEMENTS, WHERE APPLICABLE, AND WITHOUT BEING OBLIGED TO EXTEND SUCH PREFERENCES TO DEVELOPED COUNTRIES". EC (MC LAUGHLIN) SUGGESTED INSERTION OF "THE" BEFORE "EXISTING" AND DELETION OF "AND" AFTER "WHERE APPLICABLE". USDEL REQUESTS INSTRUCTIONS SOONEST ON A) AUSTRALIAN TEXT AS MODIFIED; B) MODIFIED AUSTRALIAN TEXT WITH WORDS "AND WITHOUT BEING OBLIGED TO EXTEND SUCH PREFERENCES TO DEVELOPED COUNTRIES" DELETED; AND C) MODIFIED AUSTRALIAN TEXT WITH ADDITION OF "TO THE EXTENT THAT SUCH ARRANGEMENTS CONTRIBUTE TO GENERAL TRADE LIBERALIZATION AND EXPANSION."

5. AFTER MEETING, ARMENDAREZ (MEXICO) SUGGESTED TO USDEL LIMITED OFFICIAL USE

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THAT MEXICO MIGHT BE PREPARED TO DELETE LAST PHRASE REFERRING TO DEVELOPED COUNTRIES, PROVIDED THAT THE PROVISION WOULD BE INTRODUCED BY A SENTENCE STATING AIM OF FURTHERING TRADE AMONG LDCS. REQUEST DEPT'S REACTIONS.

6. ALSO AFTER MEETING, TEESE ASKED WHETHER US WOULD NOT ACCEPT HIS FORMULATION, WHICH, HE BELIEVES, GRANTS LDCS NOTHING MORE THAN THEY CURRENTLY MAY SEEK UNDER

GATT. HE VIEWS HIS PROPOSAL AS SIMPLY A RESTATEMENT OF
THE CURRENT STATE OF AFFAIRS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CHARTER OF ECONOMIC RIGHTS & DUTIES, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974USUNN03879
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740287-0914
From: USUN NEW YORK
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741058/aaaabxmm.tel
Line Count: 118
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 04 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 APR 2002 by boyleja>; APPROVED <29 JUL 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CHARTER OF ECONOMIC RIGHTS & DUTIES (CERDS)
TAGS: EGEN, ETRD, US, UNCTAD, GROUP OF 77, (CASTANEDA)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005